

THE FUNCTIONS OF
ORGANIZATION CHARTS AND MANUALS
AS TOOLS OF MANAGEMENT

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CHAPTER I

INTRODUCTION

To conduct a study in any field, one should first become acquainted with the field itself. It was originally intended to associate this paper merely with the functions of organizational charts and manuals, but after getting involved with the subject, the author concluded that justice to such a task must necessarily include factors in organization and management; what they are, and how they came to be.

This country was born in, struggled under, and developed by what the writer believes to be rugged individualism. It was a dynamic process. It had to be to convert what was a virgin wilderness of the first order into the ranking industrial nation of the world in a little more than three hundred years. In this achievement, organization and specialization were so highly developed that today it would be impossible to live without them. The house we live in, the food we eat, the clothes we wear, are all the products of specialization, which is one of the elements of organization.

We have passed through the era of handicraft production to the era of industry and big business.

The inventions and discoveries of the last hundred years have given our nation a standard of living not yet attained by the majority of peoples inhabiting the world. They also forced man to unite with other men in producing those things made possible by the use of machines. It no longer became possible for one individual to finance an enterprise which required large sums of money. So, with the advent of machines, the rise of those who specialized in making investments in industry increased tremendously. This condition has continued until today the vast majority of persons employed are working in business and industries for which a wide range of investors have furnished the capital. Business organizations of unbelievable size have risen and due to the multivariied specialties in productive and non-productive functions alike, coupled with government restrictions and regulations, labor problems, technology, and even geographic locations, it has become impossible for any one person to efficiently manage and organize the concerted efforts of the thousands of employees required in enterprises of such proportions. The corporate form of business has evolved as the best answer, yet invented, to meet this complex and expending capitalistic system. Although corporations comprise little more than twenty-five per cent of the

nation's business concerns, they account for approximately seventy per cent of the total volume of business of all industrial groups and more than ninety per cent of the country's manufactures.¹

The corporation has produced new and complicated problems of organization and management. The need for ingenuity, vision, daring, and skill, is as great in the field of business management as invention has been in industrial processes. It is another era, the age of scientific management, in the energetic and ever moving economy in which we live.

With this brief background for the growth of modern business organization and management, one is able to understand how they came to be, and to proceed in discussing what they are, and the important functions organization charts and manuals serve them as guides or tools by defining functions, responsibilities, authorities, and relationships.

¹Elmer Petersen and E. Grosvenor Plowman, Business Organization and Management, revised edition, (Chicago: Richard D. Irwin, Inc., 1949), p. 22.

CHAPTER II

WHAT ARE MANAGEMENT AND ORGANIZATION?

Management. Management can be defined as the technique which determines, clarifies, and effectuates the objectives of a human group by furnishing it with such leadership, the result of which organizes the entire group and moves it to accomplish the desired objectives. This leadership organizes, directs, controls, and supervises the required operations necessary to accomplish the objectives without actually performing them. To clarify this statement, it might be well to consider management as the human will which determines what free acts the human body will perform, but which has no physical part in the performance of the act itself.

This definition as to what management is may be theoretically correct, but like many definitions needs simplification. Therefore, to better understand what management is, it may be profitable to approach it from another aspect; namely, who management is. To do this, the writer has divided management into three levels. There can be more or less, but for purposes of this paper three will suffice. Understanding these

three, the reader will understand that certain businesses might require additional levels depending on such factors as its size, scope, and other such considerations. These three levels are (1) the board of directors, (2) the executive, and (3) the supervisory. The author discounts stockholders as part of management, for although they own the enterprise and elect the board of directors, they normally exercise little or no direct personal influence in management, nor do they nominate the board. Top executives within the management group often choose the members of the board because they are so organized they are familiar with the merits and qualifications of persons available for such an office, whereas the stockholders are not.

Granting these prime reasons for excluding the stockholders as managers, it can be stated that the board of directors is the real head of the corporation. Upon their decisions and directives depends success or failure. Their purpose is that of broad supervisors and active leadership over the executives they appoint.

The second level is that of the executive. This element may comprise more than one person, and usually does in the majority of instances, but the executive level, as such, must be headed by one person,

usually called the president. It is the function of this level not only to interpret the policies and objectives determined by the board of directors, and to communicate them to personnel in lower echelons, but to muster the wherewithal to achieve these objectives. The writer deems the executive level as the most important level in any management group. With the objectives given him by the board he must work out a broad outline of things that need to be done to achieve these goals. He sets up the structure by which subdivisions of the work are made; he must get the right people to staff these subdivisions; he coordinates the various subdivisions; he has to keep the board informed as to what is going on; he is responsible for all budgeting, fiscal planning, accounting and auditing; and he has the never endless task of making decisions, issuing instructions and orders, and serving as the leader of the enterprise. In short, he is the boss.

Finally, let us consider the supervisory level. It is this level of management that has personal contact with and observation over the productive worker. It is the supervisor or foreman who is on the job, and possibly participates in actual production himself, who has direct, on-the-spot relations with the worker, and is responsible for the quantity and quality of work per-

formed, and even for the costs of the work turned out under his supervision.

It can be readily seen that management is a technique employed at many levels down the chain of command. It does not inhere in any one person at any one level, but inheres in many persons at many levels. Going back to the definition given for management and keeping in mind what functions each of the above stated levels of management serves, an understandable concept of it becomes clear and simple.

Organization. An organization is nothing more than a group of people working together for a common end. It is a method of dividing work and rests upon two basic conditions. First, it implies that there is work to be done. Second, that division of work becomes necessary only when a number of individuals are involved in accomplishing the work. According to Barnard:

An organization comes into being when (1) there are persons able to communicate with each other (2) who are willing to contribute action (3) to accomplish a common purpose. The elements of an organization are therefore (1) communication; (2) willingness to serve; and (3) common purpose.¹

In a relatively simple and small organization this pattern may be informal and even implicit. It may depend upon tradition or habit. As the job becomes larger, as the purpose becomes more complex, as the

¹Chester I. Barnard, The Functions Of The Executive, (Cambridge, Mass., Harvard Press, 1951), p.82.

number of people performing the job increases, organization tends to be more exactly defined. For this paper, it refers to the structure developed for carrying out the tasks of management and has grown in importance with the increasing specialization of individuals. For example, division of labor was a basic factor in industrialization. It was found that productive output increased with specialization. But, specialization required organization, since all effort must add up to the desired output. As a structural pattern, organization allocates authority, responsibility, and accountability within a group. It is impossible to construct an organizational structure which will be beneficial to any and all types of enterprises. Why is this so? Though we grant the premise that this set structure is based on sound and clearly defined organizational principles, the needs for two corporations engaged in the same type of business, using identical raw materials, having the same volume of production and sales, will differ. Two apparent reasons for this are: first, the human element in each will differ. By that is meant the personnel in each organization, and let us concern ourselves only with the managerial level, differ as to personal characteristics in ability, capability, energy, judgment, and other talents possessed by individuals in such an endeavor.

Second, the geographical areas of sales may differ. One corporation may merely serve the New England States, whereas the other may sell in the principal cities of the entire country. With these two variables alone, especially the former, it becomes impossible to set a standard organizational structure for even a group of businesses in the same industry. The best means to evaluate the organizational structure is to see whether it results in a smooth and efficient flow of work which is adequately controlled and needs little guidance.

Organization may follow one of four bases in the sense of dividing up a job. These are:

- . . . (1) function, (2) process or profession, (3) clientele or commodity, and (4) area.

Functional division of duties by purpose is perhaps the most common method of promoting specialization. Many maintain that it is the only efficient method since it alone prevents duplication and conflicts between the works of various individuals. Whether this be true or not, functionalization is readily apparant in most large corporations.

Process as a basis for organization is often identified with a profession such as engineering or accounting. It is likely to be found as a basis of staff organization than as one of line organization. It is not always easy to draw a line between function and process and may be just as well to consider the two as one, if a distinction does not readily appear.

Clientele can easily be identified as a way of dividing up work. The Office of Indian Affairs in the Department of the Interior is a good example. This office must provide education, welfare, and other services for a particular group -- the American Indian. Commodity differentiations are similar to clientele. In the Navy Department, supply activities are divided along commodity lines; guns

and ammunition being purchased and stored separately from construction equipment, aircraft, medical supplies, communications equipment, and general supplies.

Finally, the area where the job is to be done may be a primary basis for organizing activities. The geographic factor is very important in administration. By their very title district offices suggest the geographic definition of duties. The Division of Territories and Island Possessions in the Department of the Interior is an establishment that deals with the problems of particular areas.¹

From these four bases can be molded the type of organization structure best suitable for the needs of a particular business. There are three types of organization most commonly in use today; (1) line, (2) functional, and (3) line and staff.

Line is the oldest and simplest type and refers to what in the military is termed the 'chain of command.' It is the subordinate division of operating responsibility. Thus, in the federal government we say the line runs from the President to department heads, to bureau heads, and so on downward. In a tactical military organization, the line is made up of the army commander on down to the platoon leader. These operating responsibilities may be arranged by any one of the four bases of organization. The line is simply the array of the various succeeding specializations necessary in accomplishing the task for which an agency exists to perform.

¹Elements of Public Administration, ed. by Fritz Morstein Marx, (New York: Prentice-Hall Inc., 1946), pp. 141-42.

The reason for the existence of this line type organization is that the duties and responsibilities often become too great for one man to efficiently administer and it becomes necessary for him to turn some of these duties over to men in charge of particular phases of the business.

This type of organization is most excellent for giving orders, defining duties and maintaining discipline. Its chief handicap is the human element because line organization requires executives with an all around knowledge and ability. Those in authority must know everything that is needed to be known and direct everything. This may involve technical knowledge of various kinds which only the man with unusual ability, broad knowledge, and years of experience could possess. Such men are few and far between.

A functional type of organization differs from the line type in that it does away with the demand for all around men and in their stead places experts trained for a particular job. The work is divided according to the functions with a specialist placed in charge of each function or group of related functions. In the line type the worker has one boss who has absolute control in all matters pertaining to the workman and his work. Under the functional type the worker takes orders from several functional supervisors, each of whom super-

vises only the performance of a particular segment of the job.

The third type of organization is the line and staff type, which is a combination of the best features of both the line and the functional types. As in line, authority flows from the top to the bottom, thereby definitely fixing duties and responsibilities, and insuring proper discipline. It adds to this a staff of specialists each heading a staff division who has charge of a specific function. They work out any problems relating to their specific functions no matter where this function may be found throughout the business. These experts do not give orders themselves, but their recommendations are carried out through the line supervisor.

In addition to the three types stated above, there are two other developments worth mentioning. The first is the staff assistant who neither heads a department nor has line authority, but performs such work as may be delegated to him by the executive. He may make a personal study or investigation of some particular activity and make the report to the executive, thus broadening the latter's knowledge yet conserving his time and energy. He may be called an extension of the executive himself.

The second development is that of a committee. Such a group is commonly comprised of men on the same level of authority and results in the pooling of executive ability and experience who exchange opinions, present facts and make decisions concerning problems which confront the business. Individually, these men may be jealous of or distrust each other, but working together on a common problem their suspicions vanish and harmony of the top executives is permeated.

Any published material dealing with organization will usually list a number of principles embracing organization. Without going into any detail of these principles, it might be well at this point to show their application in developing a good organization.

The building of an effective organization requires the use of sound business judgment. No one plan can be applied indiscriminately to every business. Each organization is a distinct problem in itself, to which should be brought all available knowledge and experience in that particular line of business for which an organization is being provided. First a clear and complete statement should be made of the objectives in view. Next should come a thorough analysis of the entire proposition of the product to be manufactured or the service to be sold, the markets and channels of distribution, the housing, machinery, and equipment, the labor, supervision, management, and all other requirements. The results of such an analysis will give a very fair approximation of the ultimate chances of success and of the breadth of the problems involved, and will further act as an initial basis for the future operations of the business. Next will come the determination of the necessary functions, stressing those functions which are the most important and which will require the most

attention in that particular business, logically grouping like and complementary functions and setting up the major departments to care for the respective groups. With the scope and duties of each department clearly defined and with a proper setup of division and subdivisions within each department, the final step will be to pick the men best fitted for the work to head each department and subdivision, giving them sufficient authority to operate without interference, and then holding them strictly accountable for results. Such an organization provides a good workable basis for management, and is conducive of growth and permanency.¹

These first two chapters have been an attempt to scratch the surface of the growth of big business in our country and the evolution of the corporation as the best means to cope with and manage concerted enterprise as it exists in our present economic system. With this growth came the problem of efficiently managing and controlling such large organizations. Further effort has been made to define management and organization so that a distinction between them is readily apparent to the reader. Understanding what management and organization are, it now becomes possible to continue with a study of the functions of organizational charts and manuals.

¹William E. Cornell, Organization And Management In Industry And Business, 3rd ed. (New York: The Ronald Press Co., 1936), p. 45.

CHAPTER III

ORGANIZATION CHARTS AND THEIR FUNCTIONS

How many people, if asked, could tell you exactly where they fit in, and exactly what their duties, authority, and relationships are with every other member in their organization? If an answer could be given at all, it would require much thought and debate. So, it is difficult to visualize an organization in its entirety, and to clearly picture just where an individual stands in it. Because such difficulties exist for an individual, consider the situation in which top level management finds itself when confronted with the same question. And because necessity is the mother of invention, a tool for management has been invented to enable the manager to quickly locate who is responsible for what, and why. This tool we call the organization chart. It is but one of the tools of management.

Many definitions are given for organization charts, but the one the writer considers best is: "an organization chart is a graphic presentation of the arrangement and interrelationships of the subdivisions and functions of an organization as it exists."¹

¹Civil Service Commission, Division of Training, Guide To Municipal Functional Organization Charts, (New York City, 1943) p. 1.

This definition is both complete and simple.

Of course the information found on these charts differs from one organization to another, as does the extent to which they are used. The information found on such charts and the extent to which they are used will be discussed later in this chapter.

Such a tool as the chart is not needed in every business. Naturally, a one man enterprise does not require it. But as the personnel performing the administrative and operational functions increase, as objectives of the business expand in number, as the area in which they operate spreads geographically, new problems arise as to divisions of functions, relationships among divisions, communications between one division and another, and so on. Unless management has some means at hand to logically make such divisions of work, show the relationships up, down, and laterally among the divisions, and establishes a system for efficient communications among them, it will fail in its primary purpose, that of attaining the desired objectives for which the enterprise exists. It can readily be seen that without some tool to assist management in dividing these functions, the result will be duplication of effort, overlapping of authority and responsibility, or a lack of all three. Such a catastrophe can easily be eliminated by preparing a chart of the

organization, graphically showing the functions of the various divisions proposed, the relationships between them, and the flow of authority and responsibility from top to bottom. This provides a definite pattern by which management can analyze their proposals and determine whether they are sound, or silly. Such a process is logical, for any organizational relationship which cannot be readily charted is most likely lacking logic and therefore confusing to those who must work under it. It must be remembered that an organization chart does not guarantee good organization, but it does help visualize the organization as it is and will frequently point out ways to better it.

At this point, some of the flaws in organization discovered in charting are worth listing. William B. Cornell says:

In preparing organization charts of an established concern, care should be exercised to see that the charts portray conditions exactly as they are, and not merely as the author thinks they should be. One of the greatest values of organization charts and write-ups is the knowledge gained through the study of conditions made necessary in compiling the data.

The thorough analysis of organization conditions, the impartial study of personnel, and the actual putting down in black and white bring out forcefully loose ends and weaknesses in the organization structure that otherwise might never be recognized and would continue an everfruitful source of waste and an unsuspected obstacle in the path of the growth and development of the company. Only too frequently some of the following conditions are found in the course of the thorough, unbiased study, which is a necessary part of the charting process.

1. Important functions neglected. During a recent period of dullness in the textile industry, the president of a small mill made a thorough study of the conditions and found that the dyeing of cloth was being given very little attention, the manager being content to leave the operation of the dye house to the man he had placed in charge of it, a good man for the actual work of dyeing, but one with few thoughts beyond that. Conditions were found to be very wasteful, the cloth being put through in small batches which materially increased costs. After studying the situation and discussing trade conditions with the executives of several other small mills in the immediate vicinity, the president signed a contract with the other mills to dye their cloth, thus allowing them to close their dye houses until business improved, and permitting his dye house to send through cloth in larger batches and at a much lower cost than any mill could possibly get by running its dye house independently.

2. Secondary functions stressed. Practically everyone can recall a concern in which a secondary function has become the hobby of the executive in charge and been given attention to the detriment of more important functions. For example, plant maintenance, while an important function, can be stressed past the point of necessity and become extravagance.

3. Duplication of functions. In the automobile concern it was found that in getting out certain data three different divisions were duplicating a part of each other's work. The responsibility for getting out the particular data was centered in the proper division, with the result that the required data were gotten out equally well at a fraction of the former cost.

4. A function split among departments. When this occurs, the function becomes a secondary consideration. For instance, when each department purchases its own supplies, the several department heads look upon purchasing as a decidedly secondary consideration, with the result that such purchasing is rarely efficient.

5. Functions not arranged logically. Factory accounting placed under the operating division of the manufacturing department instead of under the comptroller's department is a case in point.

6. Executive burdened unnecessarily. The writer has in mind a man who for years held a subordinate position in a large department store. With

the reorganization of another store in the immediate vicinity, he was offered a position with the new management. This position gave him an opportunity to show what he could do, with the result that his work proved so successful that another store hearing of and observing his ability offered him a position as merchandise manager with a salary of \$15,000 a year. No doubt in the first store he would have proved invaluable to the company, if he had not been kept in the subordinate position.

8. Mediocre ability at important posts. Important positions held by men of mediocre ability or by men not fitted for the particular work is often discovered. Chances of influence places a man of mediocre ability in an important position. World War II, with its unusual demands on industry together with the lack of sufficient men of executive calibre, placed many men of mediocre ability in important positions. This was by no means one of the least important causes of the need for reorganization at the close of the war.

9. Specialists handling functions out of their lines. Where a man is willing and has ability, it frequently happens that he is given more and more functions to handle. When these functions are unrelated, it is invariably detrimental to the interest of the company as well as unfair to the individual.

When such conditions as described above are found to exist, the organization structure should be thoroughly analyzed so as to seek out and correct, so far as possible, all weaknesses.¹

Thus, it can be seen that if no benefits were derived from the preparation of an organization chart other than showing latent flaws existing in the present system, the charting would have been worth its efforts many times over. But they do have other uses.

An organization chart is merely a picture of the organization as it is and follows the same principles, bases, and types as discussed under Organization in

Chapter II. The arrangement of the chart is important.

¹Cornell, op. cit., pp. 81, and 84-85.

ant, and there are three main factors that must be considered in preparing any chart: simplicity, symmetry, and unity.

Simplicity simply means arranging the chart so there are no confusing or complicating elements within it. If the plan of organization is not simple, charting will show why in graphic form.

Symmetry indicates the logic of the organizational structure. It should not be forced in preparing the chart, but simply reflect the organization as it is. Good organizational structure will result in symmetrical arrangement of the chart since it is basically an extension on paper and in picture form, of the subdivisions under coordinating superior divisions.

Unity results when a chart appears compact and coherent. All major lines of command and authority should be stressed to bind the whole chart together. Solid lines indicate authority and responsibility. Dotted lines depict close relationships on specific matters, or temporary relationships, between units of an organization of coordinate importance, or to outside agencies. Dotted lines should be used with discretion, and not merely to show routine day-to-day working relationships which exist between various divisions of the organization.

The three commonly used forms of organizational

charts found today are: structural, functional, and position.

The simplest and most common method of presenting a plan of organization is by means of the structural chart. Its most useful purpose is to outline basic relationships between the components of the organization, without including any distracting information.

Charts that present the duties of various segments of the organization are called functional charts, and they indicate the interrelationships of those functions. In each block of a chart of this type is included statements of functions pertaining to that particular segment of the organization that is represented by the block. In making up a functional chart three points should be emphasized. First, the extent of detail on the chart should be broken down to the lowest echelon in which it is intended to describe functions and relationships. Second, it should be written in the present tense, and as clear and complete as possible. Third, do not include functions which pertain equally to all sections.

Lastly, we consider the position chart on which is pictured the various positions of the organization, placed within the boxes of the chart. Positions of highest importance are shown at the top of the chart and solid lines connecting the next important positions

are shown immediately beneath it, and so on down the line. On such a chart can be included the names and titles or rank of the persons holding these positions.

It quite often occurs during the survey of an organization that circumstances may warrant a combination, in one form or another, of the three kinds of charts that exist. In a small organization it may be possible to combine all three into a single chart. Such a chart is often called a detailed chart. But, it should be remembered that combinations which picture too much information on one chart will tend to render it too complex for easy interpretation.

Functional charts are probably the most beneficial of the three and serve many purposes. Most authors agree as to the purposes. The following is quoted from the Guide To Municipal Functional Organization Charts regarding the purposes of functional charts:

- . . . 1. to get an over-all picture of the existing organizational structure
- 2. discover organizational weaknesses such as:
 - a. confused lines of authority and responsibility
 - b. duplication of functions
 - c. inefficient allocation of personnel
 - d. too extended a span of control
 - e. lack of intermediate supervisory levels
- 3. discover organizational strengths which may be used in setting standards of good structure
- 4. provide a basis for planning
- 5. provide a basis for reorganization¹

¹Civil Service Commission, Division of Training, Guide to Municipal Functional Organization Charts, (New York City: 1943), p. 10.

Some of the practical uses of organizational charts other than the formal functions for which they are drawn up are:

General Administration

1. It provides a quick, clear picture of what an organization is doing and through what channels it carries on its work.

2. It aids the administrator in discovering where there may be dual authority, or vague lines of authority, and thus, by their elimination, may lead to greater organizational unity.

3. It indicates where there may be unnecessary duplication of functions and may point the way to their elimination.

4. It may help in an analysis of the effectiveness of an organization by showing gaps or points wherein sufficient control is not clearly indicated.

5. By revealing the effective features of some parts of the organization, it may suggest ways of extending such improvements to other parts of the organization.

6. It may suggest a need of further study as to whether some unimportant functions are being overstressed and important functions neglected.

7. It may suggest possible combinations of functions by showing that certain functions are split up in too many organizations or subdivisions.

8. It may indicate possible lines of future development and expansion.

Budgetary Control

9. It is useful in making budgetary plans and setting up controls.

Personnel Administration

10. It serves to show the location and distribution of all personnel.

11. It is useful in personnel classification and clarification of levels. It may indicate a need for study of the types of personnel that are being used in the handling of the work, such as the utilization of technical men in positions not requiring technical knowledge and skill, or conversely, the lack of sufficient stress upon the special qualifications needed for handling some phase of the work.

12. It may provide an opportunity for comparative study of personnel requirements of similar subdivisions.

13. It may show where a particular official is

responsible for the control of too many subordinates.

14. It may point to the need for reclassification by a comparison of civil service titles with office titles and actual duties.

Human Relations

15. It is a means of helping the supervisor and employee to understand more about their agency and the subdivisions in which they are to render service.

16. It is a useful tool in public relations, in facilitating contacts between the public and the agencies.¹

It can be seen from the material gathered in this chapter that an organization chart, especially in a large business, is a tool which serves management in many respects. Top executives of corporations are often at a loss to explain the set up of their organization structure when called upon to do so, and this tool is not in use by them. This indicates a need for it as a ready reference when such explanation is needed.

In spite of their usefulness as a management tool for communications, charts are limited in their ability to convey the whole message of the organization structure. They suggest only a fraction of the relationships which actually exist and tell little about the nature of the relationships they do picture. Some of the cautions that should be observed in the use of charts are:

1. Remember that the chart pictures the organization as of a certain date. It is a "still"

¹Ibid, pp.55-56.

shot in a changing organization and hence does not show the adjustments that are continuously occurring.

2. Guard against merely reshuffling the boxes on a chart in lieu of actual reorganization of the agency.

3. Bear in mind that the chart is necessarily an oversimplified picture of the organization and cannot show all the minor working relationships and cross relationships.

4. Do not forget that the chart is an administrative tool, not an end in itself.

5. Do not adhere to the chart if change is necessary; that is, do not let the chart cause inflexibility.

6. Keep in mind that the human factors which make a dynamic organization cannot be pictured on the organization chart.

7. Do not use the organization chart as a substitute for an understanding of the program of an agency.¹

¹Ibid, p.57.

CHAPTER IV

ORGANIZATION MANUALS AND THEIR FUNCTIONS

The manuals generally used in the office fall into one or more of three classes; policy manuals, procedure manuals, and organization manuals. Policy and procedure manuals are just what their name implies. A policy manual is a compilation of company policies or rules of conduct for the office. The procedure manual is a collection and presentation of standard operating procedures or routines for handling various office routines.

This chapter is concerned only with the organization manual. This manual defines the objectives of the organization, states the general plan of organization, the principles governing the relationships between positions, the terminology employed, and the responsibilities of each position, group, and committee. A simple distinction between the chart and the manual is: the chart visualizes the functions, relationships, positions, and responsibilities; whereas the manual formally defines them.

Organization manuals are also very similar to charts in that both are written means of communication, but the manual presents a complete written outline and

and does not leave the need for interpretation as does the chart. Obviously, through greater accuracy and efficiency of communication in the use of the organization manual, time will be saved and quality and quantity of performance will be increased. And, management needs every possible means that will aid in saving time, increasing performance, reducing guess work and confusion regarding functions, duties, authority, and responsibility.

The functions of the organization manual are similar to those of the organization chart. The difference, in the opinion of the author, between the two are: (1) the manual is on a higher plane than the chart because it gives complete information regarding duties, etc., and eliminates the need for interpretation, and (2) the form is different -- it describes or defines rather than pictures graphically.

There are certain weaknesses and objectives to organization manuals. They are often expensive to develop, and expensive to maintain. And maintenance is essential otherwise it will become obsolete after a few changes in organization structure are made. If it is not intended to keep it up to date, it should not be published at all. It might also tend to cause inflexibility if it is felt the manual is the model to which all must conform. Another objection raised by

some managers is that an organization which has written descriptions of job duties and relationships will be inclined to regard those descriptions to the letter and not go any further. Such an attitude kills initiative.

There are many functions of organization manuals, but the writer will confine this paper to four, which in his opinion are the more important. First, that it is written for the information and compliance of all persons concerned. Second, as mentioned earlier, it should consist of statements of organization principles and responsibilities in general terms, which are common to all components of the organization. It should further prescribe the specific duties and responsibilities of the individuals or groups within those components, such as comptroller, sales division, etc. Third, that functional statements contained in the manual be the basis for budgetary, classification, and program planning activities. By this is meant that no budget authorizations or position allocations be made which are not in accordance with the functional statements in the manual, without special authority from the top management. Fourth, it is useful for orientation of new personnel by giving them the 'big picture.'

The advantages for manuals are the same as those for charts and are listed below:

1. Definitely fixes responsibility and authority by putting it in black and white, so that it cannot be misinterpreted.

2. Gives specific functions and duties of all departments, divisions, etc.

3. Helps do away with oral instruction and its many disadvantages.

4. Does away with "snap judgment". (Changes . . . are made only after careful consideration and authorized by the proper person).

5. Gives every employee . . . the probable line of promotion open to him.

6. Assigning of titles is made easy. (There is a close relationship between titles and incentives.)

7. Use in grading and classification of work or tasks, which in turn determines the fixed salaries and wages.

8. Aids in determining the budget program.

9. Aids in cost analyses.¹

The usual method of presenting the organization manual is to first outline the general plan of organization in effect, showing lines of authority and responsibility (frequently through the medium of one or more charts) and then to set down as specifically as possible the functions and activities assigned to each major and sub-department or division of the company.

In the course of the writer's research for this paper he observed that the use of organization manuals is extensively employed by the departments, agencies, and other offices of the federal government, whereas their use by private enterprise was not so evident.

Perhaps this is primarily due to the fact that the majority of private concerns in no way compare with the

¹Cornell, op. cit., pp. 87-88.

size of federal agencies, and therefore the need for such an instrument is not required. But, the trend is on the upswing for their use in industry, especially since the early days of World War II, when a major problem of management was providing qualified personnel for certain positions in a period of rapid expansion. Many skilled operators, senior clerks, accountants, etc., suddenly found themselves with supervisory responsibilities for the first time. Putting a copy of the organization manual in their hands proved a practical way of giving them the background to meet their new capacity.

CHAPTER V

SUMMARY

The economic position of this nation owes much to the inventive genius, vision, energy, initiative, and daring of its people who had and still have the wherewithal to meet the challenges of life in this modern age. Through them, the techniques for management, the principles of organization, and the advantages of specialization have been skillfully developed to the point where they are now quasi-sciences.

Our present economic system and standard of living is not the result of evolution, a slow and gradual process of growth century by century; but rather it is the product of revolution, whereby decade by decade there has been a marked growth and bettering of both the economic system and the standard of living. This has been especially true in the last hundred years.

With this rapid growth has risen the need for leaders or managers who can guide and control the efforts of thousands of individuals, in both private and public enterprises, so that their combined endeavors will achieve the desired goals. Herein lies the field

of management and organization.

But these leaders, in and by themselves, cannot efficiently or economically guide the destiny of the concerted efforts of these people nor the gigantic sums of capital involved, without some means of assistance. The organization chart and manual are but two tools which management can utilize to aid it in establishing or improving its structure, to better enable it to attain the ends for which it exists. They are based on sound principles of organization which have been proven by experience over the years. They are not ends in themselves, but rather are means to an end, that is, to a sound organization structure which can be easily guided by management to insure maximum efficiency in economically producing goods or rendering services.

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